



Department of Housing and Urban Development
Public and Indian Housing

Special Attention:
Section 8 Public Housing Agencies
Public Housing Office Directors;
Troubled Agency Recovery Center Directors

Notice PIH 98-50 (HA)

Issued: October 6, 1998
Expires: October 31, 1999

Cross References:

Subject: Section 8 Management Assessment Program (SEMAP)
 Final Rule and Certification Form

1. Purpose. This notice announces publication of the Section 8 Management Assessment Program (SEMAP) final rule. The notice transmits the rule and the SEMAP Certification, form HUD-52648. Addressees and their staffs are encouraged to read the entire rule and the preamble to the rule to become thoroughly familiar with its contents. SEMAP is a new management assessment system that HUD will use to measure annually the performance of all housing agencies (HAs) that administer the Section 8 tenant-based rental assistance programs.

Under SEMAP, the Department will assess HA performance on 14 key indicators that show whether eligible families are helped to afford decent rental units at a reasonable subsidy cost as intended by Federal housing legislation and by Congress' appropriation of Federal tax dollars for these programs. The systematic and comprehensive approach of SEMAP will improve HUD's oversight of the Section 8 tenant-based rental assistance programs and will help HUD to target monitoring and assistance to HA programs that need most improvement. HAs can use the SEMAP indicators to assess the conformity of their program operations with the key Section 8 tenant-based program requirements and performance standards.

The SEMAP final rule and certification (form HUD-52648) can also be obtained on the HUD web site at:

<http://www.hud.gov/handbook.html>

2. Effective Date. The SEMAP final rule is effective October 13, 1998, except for the sections that pertain to assignment of ratings: 985.102 (SEMAP profile), 985.103 (SEMAP score and overall performance rating), 985.105(a), 985.105(b), 985.105(d) and 985.105(e) (HUD SEMAP responsibilities) and 985.107 (Required actions for HA with troubled rating). The effective date of these sections is deferred until further notice. Currently, the Department expects that the first ratings

under SEMAP will occur in calendar year 2000, for HAS whose fiscal year ends December 31, 1999. HUD will publish a notice in the Federal Register announcing the precise effective date of the rating sections of the rule.

3. SEMAP Certification. The performance standards included in the final rule (section 985.3) take effect October 13, 1998, and HAS must certify as to their program performance under these standards within 60 calendar days after the first HA fiscal year end that follows the effective date of the final rule (section 985.101). The first HAS required to submit a SEMAP certification are those whose fiscal year end is December 31, 1998.

Initially, the HA's submission of its SEMAP certification serves as a first step toward full implementation of SEMAP. Importantly, it will draw the attention of the executive director and the board to the new rule. Until the rating sections of the rule take effect, the Department will continue to depend on on-site management reviews to the extent they are performed to assess program performance and compliance, and to verify the accuracy of the HA's certification.

4. Field Office action. Each Public Housing Office Director must establish a tracking mechanism to ensure timely receipt of SEMAP certifications from each HA within the field office jurisdiction that administers Section 8 tenant-based assistance. If a field office conducts a management review of an HA that administers the tenant-based program, the field office should give particular attention to HA performance under the SEMAP indicators.

5. Deferral of ratings under SEMAP. The deferral of ratings under SEMAP will give HAS one full year of program operation under SEMAP before ratings are assigned. It will also permit HUD to ensure that Multifamily Tenant Characteristics System (MTCS) data are reliable and to issue auditor guidance which will help auditors understand program requirements and consistently measure performance. HUD will use MTCS data and the annual audit report to verify an HA's performance under SEMAP as the basis for assigning SEMAP ratings.

HAS are encouraged to take advantage of the one-year deferral of ratings to examine their program operations in the key areas measured by SEMAP and to improve performance if necessary.

6. Importance of complete and accurate reporting to MTCS. HAS should take advantage of the time allowed by the deferral of SEMAP ratings to improve reporting to MTCS where that is necessary. Performance under six of the SEMAP indicators will be verified by data provided by the HA on the family report (form HUD-50058) to MTCS. To assign a rating other than zero for any

of the six indicators where performance is measured by MTCS data, the Department will require an HA reporting rate to MTCS of **at least** 75 percent of its participants, and this standard may be raised.

For MTCS to properly reflect an HA's performance under the SEMAP indicators, it is vitally important that the HA transmit complete and accurate data to MTCS. For example:

- The effective date of action for a new admission must accurately reflect the beginning date of the assisted lease.
- The effective date of action for a reexamination must accurately reflect the effective date of the tenant rent change as a result of the reexamination.
- The date that a unit last passed HQS inspection and that a unit was last inspected must be accurately reported. Note that since the form HUD-50058 is transmitted only for an admission, reexamination, interim redetermination, portability move-in or other change of unit, the HQS inspection and pass dates must be the latest inspection and pass dates that occurred before (or on) the effective date of the action reported.
- Any over-FMR tenancy or project-based certificate program tenancy must be properly reported on the family's record, or MTCS will erroneously include that record in the data analysis to determine if the initial gross rent exceeds the FMR.
- An end participation record must be sent for a family that leaves the program, or that family's record will remain in MTCS, and MTCS will eventually erroneously reflect that family as late for reexamination.
- If a family self-sufficiency program participant has an escrow account, the escrow account balance must be reported.

These examples are not an exhaustive list of form HUD-50058 data fields that an HA must accurately report to properly reflect HA performance under the SEMAP indicators, but they indicate the importance of complete and accurate MTCS reporting for SEMAP.

7. Auditor guidance. Auditor guidance for review of HA compliance with SEMAP standards as part of the HA's single audit will be incorporated into the April 1999 Office of Management and Budget (OMB) Circular A-133 Compliance Supplement. HUD Headquarters will make this guidance available to field offices and HAS as soon as it is final.

8. Future guidance. Before the rating sections of the SEMAP rule take effect, HUD Headquarters will provide additional guidance to HUD program centers, hubs and troubled agency recovery centers, and to HAs, concerning the HUD review, rating and monitoring processes for SEMAP.

/s/
Deborah Vincent
General Deputy Assistant Secretary
for Public and Indian Housing

Attachment